

Healthcare's Vital Signs *Part 1*

Real-Time Market Insights for Physicians Owning Their Practice's Real Estate

If you own the building your practice operates in, three things are working in your favor right now: tight occupancy, stable cap rates and a wide private-buyer pool. The value that separates your building from institutional pricing sits largely inside decisions you control, and acting on the lease structure now positions you to capture it on your own terms.

Market Truth #1

Your building is worth **more than you think.**

- Buildings like yours traded at 7.8% to 8.0% over the past year, while hospital and REIT-owned space traded at 6.3% to 6.4%. The gap reflects lease structure, term and documented rent, not building quality.
- On a property producing \$400,000 of net operating income, the difference between a 7.9% and a 6.5% cap rate is roughly \$1.1 million of value.
- All three factors driving that spread are things you can shape before you go to market.



Market Truth #2

Space is harder to find now **than at any point in the cycle.**

- Occupancy sits at a cyclical high, national supply growth is 1.1%, and space per healthcare employee keeps falling.
- For an owner, scarcity is leverage. The building you control is one asset a payer cannot deny and a hospital cannot take without your consent.
- If a transition sits somewhere on your horizon, the real estate plan deserves to move on your timeline.

Market Truth #3

If you are thinking about growth, **the space math is worth understanding early.**

- More space has been rented and taken than built for three straight years.
- If you are adding providers or a second location, start looking for space earlier than you would have three years ago.
- Starting those conversations now is simply good positioning.

Opportunity #1

The monetization window is open, **and private capital is holding it open.**

- Private buyers purchased 78% of everything that sold last year. That is a deep pool of people who want what you have.
- Cap rates have held stable for four quarters, so a seller today works from real pricing rather than a guess.



Opportunity #2

Free up your equity **without giving up your location.**

- You stay in your space. You set the lease term. The cash goes toward partner buyouts, equipment, a surgery center or your own retirement.
- With rents at series highs, the lease you write today supports a stronger valuation than one written three years ago.
- You are not selling the building out from under yourself. You are putting it to work.

Opportunity #3

REITs are selling, **and that brings buyers to your door.**

- REITs sold \$8.3 billion and bought only \$0.5 billion. All those buyers still need somewhere to put their money, and your building qualifies.
- Competition among those buyers produces a strong bid on a well-structured, physician-owned asset. Their need is your leverage.

Learn how Northmarq's National Healthcare Group helps physicians with owned real estate evaluate today's risks and opportunities.

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